

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 661

BY WAYS AND MEANS COMMITTEE

AN ACT

RELATING TO NEW EMPLOYEES; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-3029E, IDAHO CODE, TO PROVIDE DEFINITIONS AND CONSTRUCTION OF TERMS; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-3029EE, IDAHO CODE, TO PROVIDE A SPECIAL INCOME TAX CREDIT FOR NEW EMPLOYEES AND TO PROVIDE PROCEDURES; DECLARING AN EMERGENCY, PROVIDING RETROACTIVE APPLICATION AND PROVIDING A SUNSET DATE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Chapter 30, Title 63, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 63-3029E, Idaho Code, and to read as follows:

63-3029E. DEFINITIONS -- CONSTRUCTION OF TERMS. As used in this section and in section 63-3029EE, Idaho Code:

(1) (a) "New employee" means a person subject to Idaho income tax withholding whether or not any amounts are required to be withheld, employed by the taxpayer in a trade or business, and covered for unemployment insurance purposes under chapter 13, title 72, Idaho Code, during the taxable year for which the credit allowed by section 63-3029EE, Idaho Code, is claimed. A person shall be deemed to be so engaged if such person performs duties on:

(i) A regular full-time basis; or

(ii) A part-time basis if such person is customarily performing such duties at least twenty (20) hours per week.

No credit shall be earned unless the new employee shall have performed such duties for the taxpayer for a minimum of nine (9) months during the taxable year for which the credit is claimed.

(b) The provisions of paragraph (a) of this subsection notwithstanding, no credit shall be allowed for employment of persons by a taxpayer who acquires a trade or business from another taxpayer or who operates in a place of business the same or a substantially identical trade or business as operated by another taxpayer within the prior twelve (12) months, except as the prior taxpayer would have qualified under the provisions of paragraph (c) of this subsection. Employees transferred from a related taxpayer shall not be included in the computation of the credit.

(c) The number of employees during any taxable year for any taxpayer shall be the mathematical average of the number of employees reported to the Idaho department of labor for employment security purposes during the twelve (12) months of the taxable year that qualified under paragraph (a) of this subsection. In the event the business is in operation for less than the entire taxable year, the number of employees of the

business for the year shall be the average number actually employed during the months of operation, providing that the qualifications of paragraph (a) of this subsection are met.

(2) "Revenue-producing enterprise" shall be as defined in section 63-3022H, Idaho Code.

(3) "Same or a substantially identical trade or business" means a trade or business in which the products produced or sold, or the activities conducted are the same in character and use and are produced, sold or conducted in the same manner as, or for the same types of customers as, the products or activities produced, sold or conducted in another trade or business.

SECTION 2. That Chapter 30, Title 63, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 63-3029EE, Idaho Code, and to read as follows:

63-3029EE. SPECIAL CREDIT AVAILABLE -- NEW EMPLOYEES. (1) Any taxpayer shall be allowed a credit, in an amount determined under subsection (2) of this section, against the tax imposed by this chapter, other than the tax imposed by section 63-3082, Idaho Code, for any taxable year during which the taxpayer's employment of new employees prior to April 14, 2011, as defined under section 63-3029E(1), Idaho Code, increases above the taxpayer's average employment for either: (a) the prior taxable year, or (b) the average of three (3) prior taxable years, whichever is higher. No credit shall be allowed under this section unless the number of new employees equals or exceeds one (1) person.

(2) (a) The credit authorized in subsection (1) of this section shall be:

(i) Five hundred dollars (\$500) per new employee described in subsection (2) (d) of this section; or

(ii) One thousand dollars (\$1,000) per new employee described in subsection (2) (c) of this section, but not both.

(b) The total credit allowed by this section shall not exceed three and one-quarter percent (3.25%) of net income from the taxpayer's corporate, proprietorship, partnership, small business corporation or limited liability company trade or business in which the employment occurred. Additionally, the total amount of this and all other credits allowed under this chapter except for the credits allowed under section 63-3029, Idaho Code, shall not exceed fifty percent (50%) of the tax liability of the taxpayer. The tax liability of the taxpayer shall be the tax after deducting the credit allowed by section 63-3029, Idaho Code.

(c) The one thousand dollar (\$1,000) credit shall apply to an employee who, in the calendar year ending during the taxable year for which the credit is claimed, received annual earnings at an average rate of fifteen dollars and fifty cents (\$15.50) or more per hour worked and who, during such calendar year, was eligible to receive employer provided coverage under an accident or health plan described in section 105 of the Internal Revenue Code.

(d) The five hundred dollar (\$500) credit shall apply to an employee not described in subsection (2) (c) of this section and who is employed in a revenue-producing enterprise as defined in section 63-3029E, Idaho Code.

1           (3) If the sum of the credit carryovers from the credit allowed by sub-  
2 section (2) of this section and the amount of credit for the taxable year from  
3 the credit allowed by subsection (2) of this section exceed the limitation  
4 imposed by subsection (2) of this section for the current taxable year, the  
5 excess attributable to the current taxable year's credit shall be a credit  
6 carryover to the three (3) succeeding taxable years. The entire amount of  
7 unused credit shall be carried forward to the earliest of the succeeding  
8 years, wherein the oldest available unused credit shall be used first, so  
9 long as the employment level for which the credit was granted is still main-  
10 tained.

11           SECTION 3. An emergency existing therefor, which emergency is hereby  
12 declared to exist, this act shall be in full force and effect on and after  
13 its passage and approval, and retroactively to January 1, 2011, and shall be  
14 null, void and of no force and effect on and after January 1, 2017.